

STATE PROPERTY AND BUILDINGS COMMISSION

Minutes

November 14, 2005

The State Property and Buildings Commission was called to order at 10:00 a.m. on Monday, November 14, 2005 by Chairman John Farris, proxy for Robbie Rudolph, Secretary, Finance and Administration Cabinet, in Room 76 of the Capitol Annex. Other members present were Libby Milligan, proxy for Governor Ernie Fletcher; Ryan Watts, proxy for Lt. Governor Steve Pence; Bonnie Howell, proxy for Attorney General Gregory Stumbo; and Katie Smith, proxy for Gene Strong, Secretary, Cabinet for Economic Development.

Mr. Farris declared that a quorum was present and verified that the press had been notified of the meeting.

A motion was made by Ms. Howell and seconded by Ms. Smith to accept the minutes of the October 17, 2005 meeting. Motion **CARRIED**.

Chairman Farris introduced Resolution 2005-27:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF UNIVERSITY OF KENTUCKY GENERAL RECEIPTS BONDS, 2005 SERIES A OF THE UNIVERSITY OF KENTUCKY.

F. Thomas Howard, Executive Director, Office of Financial Management, stated that Resolution 2005-27 approves the issuance by the University of Kentucky of its General Receipts Bonds, 2005 Series A in an approximate principal amount of \$7,110,000. Mr. Howard informed the Commission that the University of Kentucky Board of Trustees approved the issuance of these bonds on October 20, 2005. He also indicated that this project would be presented to the Capital Projects and Bond Oversight Committee on November 15, 2005 for their approval. Mr. Howard indicated that Peck, Shaffer and Williams will serve as bond counsel on this transaction; Seasongood & Mayer will serve as financial advisor; and J. P. Morgan Trust Company will serve as trustee. Mr. Howard indicated that these General Receipts Bonds will be used to finance the expansion of the University's basketball practice facility in Memorial Coliseum. Mr. Howard noted that interest rates have risen approximately 10 basis points since the New Bond Issue Report was prepared.

A motion was made by Mr. Watts and seconded by Ms. Howell to adopt Resolution 2005-27 approving the issuance of University of Kentucky General Receipts Bonds, 2005 Series A. Motion carried and **Resolution 2005-27 was ADOPTED**.

Chairman Farris introduced Resolution 2005-28:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION APPROVING THE ISSUANCE OF HOUSING AND DINING SYSTEM REVENUE BONDS OF MURRAY STATE

UNIVERSITY AND AFFIRMING A CONTRACTUAL COMMITMENT OF THE COMMONWEALTH, WHICH SHALL BE BINDING DURING THE ENTIRE LIFE OF SUCH PROPOSED REVENUE BONDS, ALL IN ACCORDANCE WITH A CERTAIN RESOLUTION UNANIMOUSLY ADOPTED BY THIS COMMISSION ON AUGUST 21, 1964.

Mr. Howard indicated that Resolution 2005-28 approved the issuance of Housing and Dining System Revenue Bonds for Murray State University in an aggregate principal amount not to exceed \$16,500,000. He continued that proceeds of the bonds would be used to construct a new student residential college facility to be known as Clark College. Mr. Howard stated that this project was authorized in House Bill 267 and will be the first transaction for Murray State University subject to the state intercept program. Mr. Howard indicated that details of the transaction are found on the New Bond Issue Report and pointed out that the finance team members are the same as for the previously discussed UK transaction.

A motion was made by Ms. Smith and seconded by Ms. Howell to adopt Resolution 2005-28 approving the issuance of Housing and Dining System Revenue Bonds of Murray State University in an aggregate principal amount not to exceed \$16,500,000. Motion carried and **Resolution 2005-28 was ADOPTED.**

Chairman Farris introduced Resolution 2005-29:

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF ADJUSTABLE RATE DEMAND HOSPITAL FACILITIES REVENUE BONDS, SERIES 2005 (THE HARRISON MEMORIAL HOSPITAL, INC. PROJECT) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.

Ms. Katie Smith, Deputy Commissioner, Department for Financial Incentives, Cabinet for Economic Development, discussed Resolution 2005-29. Ms. Smith informed the Commission that Harrison Memorial Hospital is requesting the Kentucky Economic Development Finance Authority to issue Hospital Revenue Bonds in an aggregate principal amount not to exceed \$18,000,000. Ms. Smith indicated that the bond proceeds will be used to finance the construction, installation and equipping of healthcare facilities to house an emergency department, a women's clinic and additional surgical facilities at Harrison Memorial Hospital. In addition, Ms. Smith stated that the bonds would not constitute a debt of KEDFA or the Commonwealth. Ms. Smith indicated that supporting resolutions have been adopted by Harrison County and the city of Cynthiana. Ms. Smith stated that Harrison Memorial Hospital is requesting that KEDFA issue the bonds because the size of the issue would cause both the county and the city to exceed bank qualification limits imposed by the IRS. Ms. Smith indicated that KEDFA approved the resolution on June 30, 2005. The required TEFRA hearing was held and no public comments were received. Ms. Smith indicated that the project will

be presented to the Capital Projects and Bond Oversight Committee on November 15, 2005 if it is approved at this meeting. Ms. Smith noted that staff recommends approval of this resolution.

A motion was made by Ms. Howell and seconded by Mr. Watts to approve Resolution 2005-29 approving the issuance by the Kentucky Economic Development Finance Authority of Hospital Facilities Revenue Bonds, Series 2005 for Harrison Memorial Hospital, Inc. in an aggregate principal amount not to exceed \$18,000,000. Motion carried and **Resolution 2005-29 was ADOPTED.**

Chairman Farris introduced Resolution 2005-30:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2005 (GNMA COLLATERALIZED – CHRISTIAN CARE COMMUNITIES PROJECTS) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 BY THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY.

Ms. Smith stated Resolution 2005-30 seeks approval for the issuance of Multifamily Housing Revenue Bonds, Series 2005 on behalf of Christian Care Communities, Inc. in an amount not to exceed \$15,000,000. Ms. Smith indicated that the proceeds of the bonds will be used to refund and retire outstanding principal amount of loans made to certain controlled affiliates of Christian Care Communities, as well as to finance the cost of certain renovations to facilities located in Grayson, Corbin and Hopkinsville, Kentucky. Ms. Smith indicated that these bonds will not constitute a liability of KEDFA or the Commonwealth. She further indicated that supporting resolutions have been adopted by Carter, Christian and Knox counties and KEDFA approved the final resolution on October 27, 2005. Ms. Smith stated that the required TEFRA hearing did not receive any public comment and further indicated that the project will be presented to the Capital Projects and Bond Oversight Committee on November 15, 2005 if the Commission approves the resolution.

Mr. Howard indicated that GNMA's are 100 percent full faith and credit of the U. S. government and are as good as U. S. Treasury Notes. Ms. Howell asked how the KEDFA became involved with the issue of these bonds. Mr. Howard stated that approval of the Commission is being sought because this is a multi-county project and a state conduit issuer is needed to issue the bonds. Ms. Howell asked if the bonds were being issued on behalf of the counties. Mr. Howard indicated that the bonds were being issued on behalf of Christian Care Communities, Inc. and that the local county jurisdictions approved the request for issuance of the bonds by KEDFA for the purpose of satisfying the statutory requirement of KEDFA for such local requests.

A motion was made by Ms. Smith and seconded by Ms. Milligan to adopt Resolution 2005-30 approving the issuance of Multifamily Housing Revenue Bonds, Series 2005, by the Kentucky Economic Development Finance Authority in an aggregate principal amount not to exceed \$15,000,000. Motion carried and **Resolution 2005-30 was ADOPTED.**

Chairman Farris introduced 2005-31:

A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION OF THE SECRETARY OF THE CABINET FOR ECONOMIC DEVELOPMENT TO IDENTIFY AND SPECIFY A CERTAIN ECONOMIC DEVELOPMENT PROJECT TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION FOR HYDRO-GEAR, INC. (CALDWELL COUNTY)(\$100,000).

Ms. Smith indicated that Resolution 2005-31 requests approval of economic development bond funds for the purpose of making a grant to Caldwell County on behalf of Hydro-Gear, Inc. Ms. Smith stated the project will be financed in part with bonds to be issued by the Commission for the acquisition of a 67,500 square foot building on 30 acres in Princeton Industrial Park. Ms. Smith stated that the proceeds of the bonds will be used to offset the costs associated with this project. She further stated that Hydro-Gear will be required to create 150 permanent full-time jobs within two years of occupancy of the facility. Ms. Smith also stated that stipulations for job creation and wage levels must be met or the company will be required to repay Caldwell County Fiscal Court a pro-rata portion of the EDB grant. Ms. Smith indicated that the project is secured by a Letter of Credit. She further stated that the project was recommended by the Secretary of the Cabinet for Economic Development and concurred upon by the Secretary of the Finance and Administration Cabinet. Ms. Smith stated that the project was approved by KEDFA on October 27, 2005 and will be presented to the Capital Projects and Bond Oversight Committee on November 15, 2005 if approved by the Commission.

A motion was made by Ms. Smith and seconded by Mr. Watts to adopt Resolution 2005-31 approving the application of the Secretary of the Cabinet for Economic Development to identify and specify a certain economic development project to be financed from the proceeds of economic development revenue bonds to be issued by the Commission for Hydro-Gear, Inc. Motion carried and **Resolution 2005-31 was ADOPTED.**

With no new business before the Commission, a motion was made by Ms. Howell and seconded by Mr. Watts to adjourn the meeting. Motion **CARRIED.**

Secretary
State Property and Buildings Commission